

REFERENCE TITLE: tax credit; dependents; Alzheimer's disease

State of Arizona  
House of Representatives  
Forty-seventh Legislature  
Second Regular Session  
2006

## HB 2318

Introduced by  
Representatives Stump, Mason, Sinema: Meza, Murphy, Rosati, Yarbrough,  
Senator Aboud

### AN ACT

AMENDING SECTION 43-222, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2005, CHAPTER 12, SECTION 1, CHAPTER 264, SECTION 1, CHAPTER 316, SECTION 2 AND CHAPTER 317, SECTION 10; REPEALING SECTION 43-222, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2005, CHAPTER 292, SECTION 1; AMENDING SECTION 43-1023, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 10, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1085; RELATING TO INDIVIDUAL INCOME TAX CREDITS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 43-222, Arizona Revised Statutes, as amended by  
3 Laws 2005, chapter 12, section 1, chapter 264, section 1, chapter 316,  
4 section 2 and chapter 317, section 10, is amended to read:

5 43-222. Income tax credit review schedule

6 Each year the joint legislative income tax credit review committee  
7 shall review the following income tax credits:

8 1. In 2005, sections 43-1087, 43-1088 and 43-1175.

9 2. In 2006, sections 43-1073, 43-1089, 43-1089.01, 43-1089.02,  
10 43-1090, 43-1176 and 43-1181.

11 3. In 2007, sections 43-1077, 43-1078, 43-1079, 43-1080, 43-1165,  
12 43-1166, 43-1167 and 43-1169.

13 4. In 2008, sections 43-1074.01, 43-1081, 43-1168, 43-1170 and  
14 43-1178.

15 5. In 2009, sections 43-1076, 43-1081.01, 43-1083, 43-1084, 43-1162  
16 and 43-1170.01.

17 6. In 2010, sections 43-1075, ~~and 43-1163.~~

18 ~~7. In 2010, sections~~ 43-1079.01, ~~and 43-1090.01, 43-1163,~~ 43-1167.01  
19 ~~AND 43-1182.~~

20 ~~8. 7.~~ In 2011, ~~section~~ SECTIONS 43-1074.02 ~~AND 43-1085.~~

21 Sec. 2. Repeal

22 Section 43-222, Arizona Revised Statutes, as amended by Laws 2005,  
23 chapter 292, section 1, is repealed.

24 Sec. 3. Section 43-1023, Arizona Revised Statutes, is amended to read:

25 43-1023. Exemptions for blind persons, persons over sixty-five  
26 years of age and dependents

27 A. A taxpayer is allowed an exemption of one thousand five hundred  
28 dollars:

29 1. For a taxpayer who is blind or if either the taxpayer's central  
30 visual acuity does not exceed 20/200 in the better eye with correcting lenses  
31 or the taxpayer's visual acuity is greater than 20/200 but is accompanied by  
32 a limitation in the fields of vision such that the widest diameter of the  
33 visual field subtends an angle no greater than twenty degrees.

34 2. For the taxpayer's spouse if a separate return is made by the  
35 taxpayer, if the spouse is blind, as defined in paragraph 1 of this  
36 subsection, has no Arizona adjusted gross income for the calendar year in  
37 which the taxable year of the taxpayer begins and is not the dependent of  
38 another taxpayer. For the purposes of this paragraph, the determination of  
39 whether the spouse is blind shall be made at the close of the taxable year of  
40 the taxpayer. If the spouse dies during such taxable year, the determination  
41 shall be made as of the time of the spouse's death.

42 B. A taxpayer is allowed an exemption of two thousand three hundred  
43 dollars for:

1           1. Each dependent of the taxpayer, as defined in section 43-1001, and  
2 subject to the qualifications prescribed by section 151(c) of the internal  
3 revenue code.

4           2. Each person age sixty-five or older regardless of the person's  
5 relationship to the taxpayer:

6           (a) If the taxpayer pays more than one-fourth of the total cost of  
7 maintaining such person in a nursing care institution or residential care  
8 institution licensed pursuant to title 36, chapter 4, or an assisted living  
9 facility provider of a type certified pursuant to title 11, chapter 2,  
10 article 7, if such payments exceed eight hundred dollars in the taxable year.

11           (b) If the taxpayer otherwise makes payments exceeding eight hundred  
12 dollars in the taxable year for home health care or other types of medical  
13 care. **A TAXPAYER SHALL NOT TAKE AN EXEMPTION UNDER THIS SUBDIVISION AND A  
14 CREDIT UNDER SECTION 43-1085 FOR THE SAME PERSON.**

15           3. For taxable years beginning from and after December 31, 2003, each  
16 birth for which a certificate of birth resulting in stillbirth has been  
17 issued pursuant to section 36-330 if the child otherwise would have been a  
18 member of the taxpayer's household. The taxpayer may claim the exemption  
19 under this paragraph only in the taxable year in which the stillbirth  
20 occurred.

21           C. For taxable years beginning from and after December 31, 1998, a  
22 resident taxpayer is allowed an exemption of ten thousand dollars for each  
23 parent or ancestor of a parent of the taxpayer, who is age sixty-five or  
24 older, who requires assistance with activities of daily living and who lives  
25 in the taxpayer's principal residence for the entire taxable year, if the  
26 taxpayer pays more than one-half of the person's total support and  
27 maintenance costs. An exemption under this subsection is in lieu of an  
28 exemption under subsection B of this section for the same person.

29           D. A taxpayer shall not take more than one exemption for the same  
30 person under either subsection B or C of this section.

31           E. A taxpayer is allowed an exemption of two thousand one hundred  
32 dollars:

33           1. If the taxpayer has attained the age of sixty-five before the close  
34 of the taxable year filing a separate or joint return and the taxpayer is not  
35 claimed as a dependent by another taxpayer.

36           2. For the taxpayer's spouse if the spouse has attained the age of  
37 sixty-five before the close of the taxable year, a joint return is filed and  
38 the spouse is not a dependent of another taxpayer.

39           Sec. 4. Title 43, chapter 10, article 5, Arizona Revised Statutes, is  
40 amended by adding section 43-1085, to read:

41           43-1085. Credit for providing care to dependents with  
42 Alzheimer's disease; definition

43           **A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2006, A  
44 CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR A TAXPAYER WHO  
45 INCURS EXPENSES BY PROVIDING HOME BASED CAREGIVER SERVICES TO A QUALIFIED**

1 DEPENDENT OF THE TAXPAYER WHO HAS BEEN DIAGNOSED WITH ALZHEIMER'S DISEASE.  
2 THE AMOUNT OF THE TAX CREDIT IS EQUAL TO TWENTY-FIVE PER CENT OF THE COST OF  
3 EXPENSES PAID BY THE TAXPAYER, BUT NOT TO EXCEED TWO THOUSAND DOLLARS IN ANY  
4 TAXABLE YEAR.

5 B. A TAXPAYER SHALL NOT TAKE A CREDIT UNDER THIS SECTION AND AN  
6 EXEMPTION UNDER SECTION 43-1023, SUBSECTION B, PARAGRAPH 2, SUBDIVISION (b)  
7 FOR THE SAME PERSON.

8 C. IF THE ALLOWABLE TAX CREDIT EXCEEDS THE TAXES OTHERWISE DUE UNDER  
9 THIS TITLE ON THE CLAIMANT'S INCOME, OR IF THERE ARE NO TAXES DUE UNDER THIS  
10 TITLE, THE AMOUNT OF THE CLAIM NOT USED TO OFFSET TAXES UNDER THIS TITLE MAY  
11 BE CARRIED FORWARD FOR NOT MORE THAN FIVE CONSECUTIVE TAXABLE YEARS AS A  
12 CREDIT AGAINST SUBSEQUENT YEARS' INCOME TAX LIABILITY.

13 D. FOR THE PURPOSES OF THIS SECTION, "QUALIFIED DEPENDENT" MEANS A  
14 TAXPAYER'S SPOUSE, PARENT, SIBLING, GRANDPARENT, AUNT OR UNCLE.

15 Sec. 5. Purpose

16 Pursuant to section 43-223, Arizona Revised Statutes, the legislature  
17 enacts section 43-1085, Arizona Revised Statutes, as added by this act, to  
18 help families in this state pay for expenses relating to home based caregiver  
19 services for family members who have been diagnosed with Alzheimer's disease.